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NASA Procedural Requirements

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| [TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [AppendixA](#)
| [AppendixB](#) | [AppendixC](#) | [AppendixD](#) | [AppendixE](#) | [AppendixF](#) | [ALL](#) |

CHAPTER 5: Equipment Physical Inventories

5.1 Inventory Scheduling and Personnel

5.1.1. Purpose. This chapter sets forth the requirements and procedures for physical inventories of Center equipment, and states the objectives, types, schedules, and personnel required for equipment physical inventories.

5.1.2. Guidance Information (Reserved)

5.1.3. General Objectives

5.1.3.1. As an essential element of the NASA Equipment Management Program, physical inventories provide a means for the following:

- Determining the completeness and accuracy of the equipment records system and financial equipment accounts.
- Reconciling and adjusting the equipment records and financial accounts as required.
- Assessing the effectiveness of equipment control procedures and operations.
- Obtaining information needed for accomplishing broader aspects of equipment, such as equipment utilization and repair.

5.1.3.2. In general, physical inventories are designed to achieve the following objectives, depending on the type of inventory being taken:

- Verifying that recorded equipment is still on hand.
- Confirming or determining current location and custodial responsibility for equipment.
- Identifying unrecorded equipment that qualifies for control.
- Locating or identifying missing equipment.
- Identifying obviously unused or underutilized equipment.
- Identifying equipment obviously in need of repair or rehabilitation.

5.1.4. Types and Frequency of Inventories

5.1.4.1. A complete cyclic physical inventory of controlled equipment will be taken at each Center at least once every 3 years. The inventory method, as a minimum, must be designed to achieve the objectives stated herein, with reconciliation being completed once every 3 years. Each Center may utilize or design an inventory by exception process to achieve a complete inventory. The inventory by exception development process is at the discretion of the Center's SEMO.

- The inventory may be accomplished through a combination of various methods such as visual inspections, custodian validations, and NEMS equipment transactions, or the inventory can be conducted through the traditional wall-to-wall visual inspection and recording.
- The inventory methodology specifically developed by the Center NEMS Equipment Manager should be designed to work in concert with Center-unique processes.
- A complete cyclic inventory must, as a minimum, achieve the objectives as set forth in paragraph 5.1.3.2. An inventory that merely serves to locate items currently charged to a property management account area does not meet the requirement for a complete physical inventory.
- Items on loan or borrow to other Centers or to organizations outside of NASA will be identified in NEMS by "out code" status. NEMS accepts those items in a NEMS "out code" status as inventoried and automatically assigns an

inventory date. Those items identified on NEMS Report 772, Items in Out Code Status, must be certified on the report, however, as in a valid "out code", i.e., review storage document, loan document, shipping document.

5.1.4.2. At the SEMO's discretion, unannounced inventories of the Center's sensitive items may be conducted as necessary to ensure that proper controls for sensitive items are in place. The findings will be documented and filed, and the NEMS Equipment Manager will assign each corrective action to a responsible point of contact to ensure their timely resolution.

5.1.4.3. At the SEMO's discretion, when a Property Custodian account changes hands, the outgoing and incoming custodians must jointly conduct a full inventory of the account prior to acceptance by the incoming custodian (inventory personnel may be contacted for assistance, depending on Center policy). Upon the mutual agreement of both the outgoing and incoming property custodian, and with the written approval of the cognizant Division Directors and Center Equipment Manager, this inventory can be waived. Documentation to support this agreement will be retained by Equipment Management.

5.1.4.4. Special inventories may be taken at the discretion of the Center's SEMO. a. A special inventory may be designed to achieve one or more objectives, depending on the purpose for which the inventory is being taken. b. The results of special inventories can also be credited to cyclic and property custodian inventory requirements.

5.1.5. Inventory Schedule

5.1.5.1. The NEMS equipment manager will develop a written schedule and plan, including allowances for contingencies, for accomplishing all physical inventories. Calendar years will be used as the basis for scheduling, planning, and conducting physical inventories.

5.1.5.2. Preinventory reports are provided in the NEMS inventory module to aid each Center in the development of its inventory schedule.

5.1.5.3. Current information comparing the status of inventory progress to the schedule will be maintained and used to revise the schedule, when necessary, to ensure the completion of all inventories.

5.1.5.4. The inventory schedule may be manual or automated and will contain, as a minimum, the data elements listed below:

- a. Identification.
- b. Name of property custodian.
- c. Identification account symbol.
- d. Location of accounts.
- e. Events.
- f. Schedule start date.
- g. Actual start date.
- h. Notifications:
 - (1) Date of Preinventory notification.
 - (2) Date Custodian notified of results.
 - (3) Date Division notified of results.

5.1.6. Inventory Personnel

5.1.6.1. The SEMO will designate, in writing, individuals responsible for conducting cyclic, sensitive, and special inventories. These individuals will be fully instructed in inventory techniques technologies. The cognizant property custodian, the NEMS Equipment Manager, program/project directors, or other persons, as deemed necessary, will assist in physical inventories. Property custodians will provide custodian account validations upon request from the Equipment Manager.

5.2 Inventory procedures

5.2.1. Purpose. This part establishes basic procedures required to timely prepare for and take complete physical inventories, sensitive inventories, new property custodian inventories, and special inventories. The detailed operating instructions used by each Center must, as a minimum, incorporate these procedures.

5.2.2. Guidance Information (Reserved)

5.2.3. Preinventory Actions for Cyclic Inventory

5.2.3.1. Send a written notification to the property custodian and Division Director of the planned inventory at least 30 calendar days in advance. Inventory by exception may be utilized at the discretion of the SEMO.

- a. Include instructions as to prior actions to be taken to expedite the inventory.
- b. Define the inventory method to be used, and advise the property custodian and Division Director or chief of the anticipated impact to the operation.

5.2.3.2. Ensure that the property custodian has a current record of all controlled equipment charged to the

custodian's area upon request.

5.2.4. Actions During an Inventory

5.2.4.1. The inventory team will conduct the inventory discreetly and with minimal disturbance to the organization.

5.2.4.2. Items found borrowed from other management areas will be reconciled by the accountable property custodian.

5.2.4.3. Equipment on loan or lease from organizations outside of the Center should contain bar- coded loan or lease tags, which will be identified or scanned as they are found within the inventory accounts. Loan and lease items will process as inventory updates if the equipment account and location correspond to the account and location recorded in the NEMS data base.

5.2.4.4. Equipment that appears to be obviously excess, worn out, or in need of repair will be noted during an inventory. The results of the inventory report will highlight the finding for appropriate followup action by the cognizant property custodian or equipment user.

5.2.4.5. Equipment that appears to be obviously unused or underutilized will be noted during an inventory. The results of the inventory report will highlight the finding in order for the cognizant property custodian to obtain user verification of status or return, as appropriate.

5.2.4.6. Equipment found on station during the inventory, which meets the criteria for control, will be identified to the using organization, tagged, and recorded during the inventory using NASA Form 1618, Found On Station Investigation Report.

5.2.4.7. All items not located but found subsequent to the initial inventory will be verified and documented in the inventory file with date found, location, and individual sighting the item.

5.2.5. Cyclic Inventory Reconciliation and Adjustment

5.2.5.1 Reconciliation and adjustment to the NEMS data base must be accomplished on a timely basis as the inventory progresses, but in no event take longer than 60 calendar days from the completion of the physical inventory. All reconciliation and adjustments to the inventory will be supported by documentation. The NEMS Equipment Manager will--

5.2.5.2. Take action to enter into the equipment records and into the financial accounts equipment found during the inventory that had not previously been recorded and which meets the criteria for control. This action must be taken within 30 calendar days after such discovery.

5.2.5.3. Obtain reports of survey for items not located. Delete items from the records and accounts.

5.2.5.4. Determine that the property custodian is charged with equipment found in other property management areas for which there is no documented loans. Such equipment will be returned to the assigned area, transferred between custodians, or documented as a loan.

5.2.6. Sensitive-Item Inventory

5.2.6.1. Sensitive-item inventories are conducted at the discretion of the Center SEMO. A 20- percent sample of the Center's sensitive items can be generated by NEMS Report 190. NEMS will randomly select the items from the Center data base and sort the 20- percent sample by property custodian account.

5.2.6.2. The sensitive-item inventory requires an actual sighting of the sensitive item. A separate sensitive inventory file should be established to document the results of each sensitive-item inventory. A custodian account that cannot produce all sensitive items within 24 hours after the 20-percent spot check will undergo a special review by the NEMS Equipment Manager to determine if a 100-percent, sensitive-item inventory should be accomplished.

5.2.6.3. Unless equipment control factors are problematic or the NEMS Equipment Manager determines otherwise, annual, unannounced 20-percent sample sensitive-item inventories should not be conducted.

5.2.6.4. The sensitive-item inventory will be considered complete when Survey Reports have been submitted.

5.2.7. New Property Custodian Inventory

5.2.7.1. When a property management account is assigned to a new property custodian, a 100- percent inventory should be taken of the area. The outgoing and incoming custodians have the primary responsibility to perform this inventory together; however, inventory personnel may be contacted for assistance, depending on Center policy. A statement will be submitted to the NEMS Equipment Manager, from the outgoing custodian or Division Director or chief, if the custodian left the Agency, and the incoming custodian that the inventory was accomplished and that all items were found or reports of survey were submitted. Each Center will set its own policy and procedure regarding the use of the standard inventory scanners and bar-code readers for this type of inventory.

5.2.7.2. This inventory may be waived if mutually agreed to by both the gaining and losing property custodians and

with the written approval of the Equipment Manager. Documentation to support this agreement will be retained by the Equipment Manager.

5.2.8. Special Inventory. Special inventories may be conducted as directed by the SEMO.

5.3 Inventory Reports and Files

5.3.1. Purpose. This part prescribes the inventory reports to be provided to Division Directors, property custodians, and the Center Director, and the cyclic inventory files to be maintained for each property management area.

5.3.2. Guidance Information

5.3.3. Inventory Reports to Division Directors and Property Custodians

5.3.3.1. The SEMO will, within 30 working days after completion of the inventory of a property management area or grid location, provide the property custodian(s) and the appropriate Division Director a report of the results of the inventory. This report may be submitted in an electronic form for streamline communication objectives. This report will include, as a minimum, the following: a. Start and completion dates of the inventory. b. Number and value of recorded items charged to the property custodian account which were found in the area. c. Number and value of recorded items charged to the property custodian account which were not found in the area and not covered by documented loans. d. Number and value of unrecorded items found in the area which meet the criteria for control. e. In addition, specific instructions will be given to the property custodian to resolve discrepancies and adjust the records.

5.3.3.2. The property custodian will be allowed a maximum of 30 working days for correction of the cited discrepancies and submission of survey reports, unless an extension, in writing, has been granted by the SEMO.

5.3.3.3. After all accounts within a division or grid location have been completed, the SEMO will provide the responsible Division Director with a summary report of all accounts within the division.

5.3.4. Inventory Reports To Management Of Inventory Results

5.3.4.1. A report indicating the results of the physical inventory, during the preceding calendar year, will be prepared annually by the Center SEMO. This report will be submitted on or before April 1 of each year to the Center Director or one level subordinate to the Director. A copy should be included in the annual Center Self Assessment files. This report will include the following:

- a. Number of property management areas and number of items scheduled for inventory during the year.
- b. Number of property management areas for which physical inventory was completed during the year.
- c. Number of items and value of equipment inventoried.
- d. Number and value of items added to the records as a result of the physical inventory.
- e. Number and value of lost items surveyed from the records as a result of physical inventory.
- f. Number and value of items that were previously surveyed and added to the records as a result of the physical inventory.
- g. Conclusions and any procedural changes initiated following analysis of the inventory results.

5.3.4.2. The final report for each cycle will be accompanied by a summary report that reflects the overall results of the inventory for the period. Senior Center management, SEMO, and the equipment logistics manager at NASA Headquarters, should also be informed of reasons for large increases or decreases in adjustments, adds, and surveys.

5.3.5. Inventory Files

5.3.5.1. In addition to the overall inventory schedule and plan prescribed in this section, files will be established and maintained for each property management custodian area. Each file should contain all necessary documents to clearly indicate the status and results of the inventory in each area. Examples of documents to be included are the following:

- a. Notification to the property custodian of the schedule for inventory.
- b. Designation of individuals responsible for taking the inventory.
- c. Upon request, a listing of items charged to the area at the beginning of the inventory; the size of the listing for a large account may prohibit retention in the central file.
- d. Upon request, a report to the property custodian and the respective Division Director or chief of the inventory results, as prescribed in paragraph 5.3.3.
- e. NEMS listings validated by the property custodian.

5.3.5.2. A new file for each property management area or custodian account will be established for each inventory cycle. File folders generated during the preceding inventory cycle will be retained at the Center. Older inventory cycle files may be destroyed

| [TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) |
[AppendixA](#) | [AppendixB](#) | [AppendixC](#) | [AppendixD](#) | [AppendixE](#) | [AppendixF](#) | [ALL](#) |

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